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ACCESS DENIED: ANOTHER BLOW FOR SSI MICRO

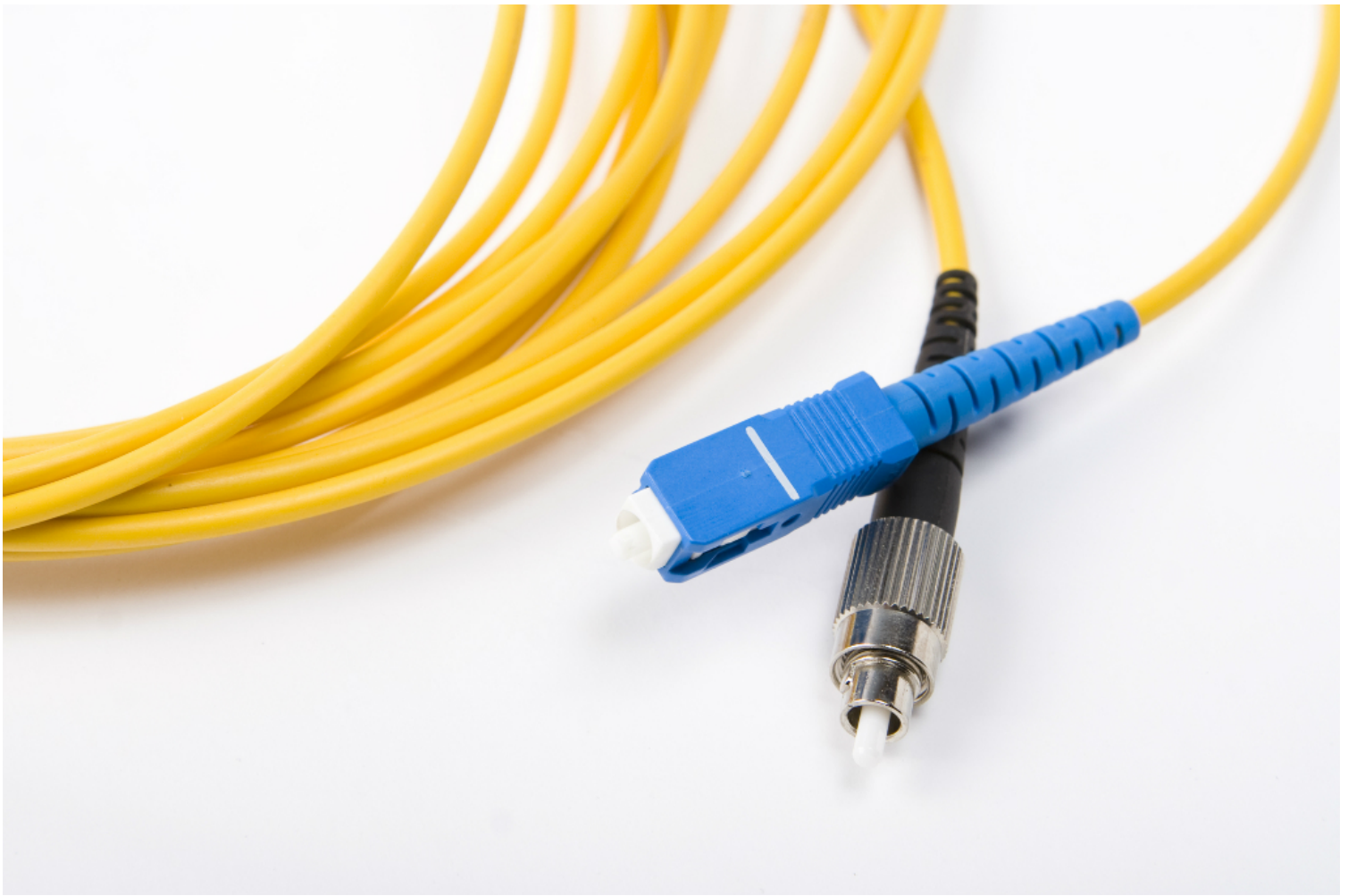
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The YK-based company loses a major battle in its war for "fair competition."



MARK RENDELL - AUGUST 10, 2015

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Canada's telecom regulator dealt another defeat to Yellowknife-based SSi Micro on Friday, rejecting the company's request to overhaul rival Northwestel's wholesale internet pricing. The decision puts SSi in a precarious position when it comes to competing in the Yellowknife internet market.

Since 2011, SSi has been tussling with Northwestel over pricing - what they've branded as "The Fight for Fair Competition." This has mostly taken the form of appeals and counter-appeals to the Canadian Radio-television and Telecommunications Commission, and last November they asked the CRTC to force Northwestel to reduce the price they charge other companies (specifically SSi) for wholesale internet. As it stands, Northwestel owns the only fibre optic cable running from the south to the NWT, meaning SSi must purchase wholesale internet from Northwestel then resell it to retail customers in Yellowknife.

SSi's opinion, according to the CRTC decision, was that their rival was "was thwarting competition and squeezing out margins" by setting wholesale prices close to or above their own retail prices: "for typical rational levels of use by end-users, the price per gigabyte (GB) of usage on Northwestel's

retail Internet service plans is lower than the price per GB of usage on Wholesale Connect Service.”

The CRTC didn’t buy this claim, finding “no basis to conclude that the rates are not just and reasonable or are unduly discriminatory.” They ended up agreeing with Northwestel’s position that SSI has the opportunity to make plenty of money by providing things like “voice, wireless, business Internet, and virtual private network services” in addition to straight retail internet.

The rejection comes only several weeks after the CRTC rejected another SSI request to allow them to tap into Northwestel’s high-speed cable infrastructure. This previous decision, while not necessarily final, will likely hurt the company’s ability to compete in high-speed internet market in Yellowknife and mean postponing any planned expansion into Whitehorse for the time being.

It’s unclear whether these two back-to-back decisions mark the end of SSI’s so-called “Fight for Fair Competition.” But it’s certainly a setback for a company that, while dominating in Nunavut, is struggling to stay afloat in the NWT internet game.

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